

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

Order No.: SF-03-003

W. TODD PETERSON,)

Date: July 30, 2003

Former Chief Financial Officer of)

LIFE BANK,)

San Bernardino, California.)

(OTS No. 07946))

CONSENT ORDER TO CEASE AND DESIST

WHEREAS, W. Todd Peterson (PETERSON) has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, PETERSON, by his execution of the Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist (Order) pursuant to 12 U.S.C.

§ 1818(b).¹

WHEREAS, the Director of the Office of Thrift Supervision (OTS) has delegated to the Regional Directors of the OTS the authority to issue an Order to Cease and Desist on behalf of the OTS where PETERSON has consented to the issuance of the Order.

¹ All references to the United States Code (U.S.C.) are as amended, unless otherwise indicated.

**NOW THEREFORE, IT IS ORDERED THAT WHILE SERVING AS AN
INSTITUTION-AFFILIATED PARTY OF A BANKING INSTITUTION, PETERSON
SHALL:**

A. Cease and desist from causing such Banking Institution to engage in transactions that violate quantitative or qualitative limitations on transactions with affiliates as set forth in Sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1, and 12 C.F.R. § 563.41 (2003);

B. Take all necessary and appropriate steps, consistent with his position, to ensure that regulatory reports or financial statements of the Banking Institution comply with generally accepted accounting principles (GAAP);

C. Take all necessary and appropriate steps, consistent with his position, to ensure that that the books and records of the Banking Institution are accurate and complete; and

D. Provide accurate, complete and timely responses to examiners and all other agents of the appropriate federal banking regulator for the Banking Institution, consistent in all respects with applicable law.

IT IS FURTHER ORDERED THAT:

E. For a period of thirty (30) months from the date of the issuance of this Order, PETERSON shall not assume the position of, nor perform any of the functions of, Chief Financial Officer for a Banking Institution;

F. Notice to Regulators.

Prior to accepting any position as an Institution-Affiliated Party, PETERSON shall provide Notice to the OTS and any other Appropriate Federal Banking Agency of his intention to accept a position in a Banking Institution.

1. Definitions. For purposes of this Order and the Stipulation incorporated herein:

(a) "Affiliate" shall have the meaning set forth at 12 C.F.R. § 563.41;

(b) "Appropriate Federal Banking Agency" shall have the meaning set forth at 12 U.S.C. § 1813(q);

(c) "Banking Institution" refers to any and all of the following: any "insured depository institution" as that term is defined at 12 U.S.C. § 1813(c) (including but not limited to banks and savings associations); any direct or indirect subsidiary of an insured depository institution, whether wholly or partly owned; any "insured credit union" within the meaning of 12 U.S.C. § 1752(7); any "savings and loan holding company" within the meaning of 12 U.S.C. § 1467a(a)(1); any "bank holding company" within the meaning of 12 U.S.C. § 1841; and any direct or indirect subsidiary of any such holding companies, whether wholly or partly owned;

(d) "Institution-Affiliated Party" shall have the meaning set forth at 12 U.S.C. § 1813(u);

(e) "Chief Financial Officer" shall mean a senior executive officer who has principal responsibility for, or is otherwise in charge of, the financial books, records and affairs of a Banking Institution;

(f) Any terms used herein that are defined in other paragraphs of this Order or Stipulation shall have the meanings ascribed to them in such paragraphs; and

(g) Except as otherwise expressly provided in this Order, any terms used herein that are defined in the Home Owners' Loan Act or the Federal Deposit Insurance Act shall have the meanings ascribed to them in said statutes. See, e.g., 12 U.S.C. § 1813.

2. Stipulation. The Stipulation is made a part hereof and is incorporated herein by this reference.

3. Effectiveness of Order. This Order shall become effective on the date it is issued, as shown in the caption hereof. This Order shall remain in effect until it is terminated, modified, or suspended, which may occur only by formal written action of the OTS, acting by and through its Regional Director, or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By: 

Charles A. Deardorff
Regional Director
West Region

(Life Peterson CD Ord3 c:\life)

W. Todd Peterson
Life Bank
C&D Order

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Former Chief Financial Officer of)

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Order No.: SF-03-003

Date: July 30, 2003

**STIPULATION AND CONSENT TO THE
ISSUANCE OF AN ORDER TO CEASE AND DESIST**

WHEREAS, the Office of Thrift Supervision (OTS), based upon information derived from the exercise of its regulatory responsibilities, has informed W. Todd Peterson (PETERSON), former Chief Financial Officer of Life Bank, San Bernardino, California (Life), that grounds exist to initiate an administrative cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b);¹ and

WHEREAS, on or about October 4, 2000 an order to Cease and Desist was issued by the OTS against Life Financial Corporation (Life Financial), the holding company for Life, pursuant to a Stipulation and Consent executed by Life Financial and authorized by its Board of Directors; and

¹ All references to the United States Code (U.S.C.) are as amended, unless otherwise indicated.

WHEREAS, desiring to cooperate with the OTS to avoid the time and expense of such administrative proceeding, PETERSON hereby stipulates and agrees to the following:

1. Jurisdiction.

(a) Life, at all times relevant hereto, was a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, it was an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) PETERSON, who served as the Chief Financial Officer of Life from in or about October, 1999 and until on or about June 23, 2000, is deemed to be an "institution affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof (see 12 U.S.C. §1818(i)(3)).

Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" to maintain an administrative cease and desist proceeding against an institution affiliated party. Therefore, PETERSON is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist order against him pursuant to 12 U.S.C. § 1818(b). The Director of the OTS has delegated to the Regional Director of the West Region of the OTS the authority to issue cease and desist orders where the individual has consented to the issuance of the order.

2. OTS Findings of Fact. The OTS finds that PETERSON, in his capacity as Life's Chief Financial Officer, participated in a transaction that violated Sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1, and the OTS regulations governing transactions with affiliates, 12 C.F.R. §§ 563.41 and 42.

Further, as Chief Financial Officer for Life, PETERSON failed to ensure that regulatory reports or financial statements of Life complied with generally accepted accounting

principles as required by applicable statute, 12 U.S.C. §1831(n), and regulations, 12 C.F.R. §§ 562.2 and 563c.1. Accordingly, during the relevant time period, Life's books and records were not accurate and complete as required by regulation. 12 C.F.R. § 562.1.

3. Consent. Without admitting or denying the findings of fact asserted herein by the OTS, but admitting that the OTS has jurisdiction as set forth in paragraph 1, PETERSON consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). PETERSON further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Final. The Order is issued under 12 U.S.C. § 1818(b). Upon its issuance by the OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i)(1).

5. Waivers. PETERSON waives the following:

- (a) the right to be served with a written notice of the OTS's charges against him as provided by 12 U.S.C. § 1818(b);
- (b) the right to an administrative hearing of the OTS's charges against him as provided by 12 U.S.C. § 1818(b);
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412.

6. Release; Other Governmental Actions Not Affected.

(a) Upon the OTS's issuance of the Order, OTS does release and discharge PETERSON from all claims and charges that have been or might have been asserted by the OTS based on, relating to or arising from PETERSON's action that were known or discovered by the OTS, as described in the Findings of Fact as set forth in paragraph 2 hereof. This release shall not preclude or affect any right of the OTS or other appropriate Federal banking agency to determine and ensure compliance with the terms and provisions of this Stipulation and the accompanying Order.

(b) PETERSON acknowledges and agrees that his consent to the issuance of the accompanying Order is solely for the purpose of resolving certain potential OTS administrative enforcement charges as provided in paragraph 6(a) above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, liability, or (a) other administrative or civil proceeding that otherwise may be brought by the OTS, or (b) other administrative, civil, or criminal proceeding that arise pursuant to this action or otherwise, and that may be or have been brought by another governmental entity other than the OTS.

7. Indemnification. PETERSON shall neither cause nor permit Life (or any successor institution, holding company, subsidiary, or service corporation therefore) to incur, either directly or indirectly, any expense for any legal or other professional expenses incurred relative to the negotiation and issuance of the Order to Cease and Desist. Nor shall PETERSON obtain any indemnification (or other reimbursement) from Life (or any successor institution, holding company, subsidiary or service corporation thereof) with respect to such amounts. Any such payments received by or on behalf of PETERSON in connection with this action shall be

returned to Life (or the successor institution, holding company, subsidiary or service corporation thereof).

8. Agreement for Continuing Cooperation. PETERSON agrees that, at the OTS's written request, on reasonable notice and without service of a subpoena, he will provide discovery and testify truthfully at any deposition or at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by the OTS relating to Life, its holding company, service corporation or subsidiaries or its institution-affiliated parties, except that PETERSON does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution or any attorney-client privilege. If PETERSON invokes his privilege against self-incrimination under the Fifth Amendment of the United States Constitution and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 et seq., PETERSON agrees, consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative, or investigative proceeding on the matter for which immunity is given.

9. Acknowledgment of Criminal Sanctions. PETERSON acknowledges that Section 8(j) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(j), sets forth criminal penalties for knowing violations of the Order.

10. Miscellaneous.

(a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Order are for

convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order;

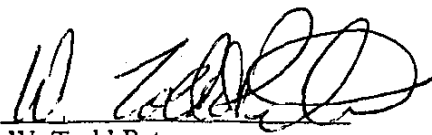
(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters; and

(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

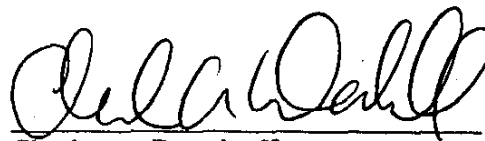
WHEREFORE, PETERSON executes this Stipulation and Consent to the Issuance of an Order to Cease and Desist, intending to be legally bound hereby.

Accepted by:

By:


W. Todd Peterson

OFFICE OF THRIFT SUPERVISION


Charles A. Deardorff
Regional Director
West Region

Dated:

7-21-03

Dated:

7/29/03

(Life Peterson CD Stip3 c:Life)